



County Executive Office

5220

Memorandum

March 7, 2019

To: Clerk of the Board of Supervisors

From: Frank Kim, County Executive Officer *McQuinn*

Subject: Exception to Rule 21

RECEIVED
2019 MAR -8 AM 11:38
CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

The County Executive Office is requesting a Supplemental Agenda Staff Report for the March 12, 2019, Board Hearing.

Agency: OC Community Resources

Subject: Orange County Housing Finance Trust Joint Powers Authority Agreement

Districts: All Districts

Reason for supplemental: This item needs to go to the Board as a supplemental item to advance the progress made from the collaborative efforts of Orange County cities and the County of Orange towards the financing and continued development of supportive and affordable housing. This Agenda Staff Report and attachments were finalized after the filing deadline to the Clerk of the Board.

Concur:

Chairwoman Lisa A. Bartlett, Supervisor, Fifth District

cc: Board of Supervisors
County Executive Office
County Counsel



**SUPPLEMENTAL AGENDA ITEM
 AGENDA STAFF REPORT**

MEETING DATE: 3/12/19
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: OC Community Resources
DEPARTMENT HEAD REVIEW: [Signature]
Department Head Signature
DEPARTMENT CONTACT PERSON(S): Dylan Wright (714) 480-2788
 Julia Bidwell (714) 480-2991

SUBJECT: Orange County Housing Finance Trust Joint Powers Authority Agreement

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
<u>[Signature]</u> CEO Signature	<u>[Signature]</u> Action County Counsel Signature	Discussion
		3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A
Staffing Impact: N/A **# of Positions:** N/A **Sole Source:** N/A
Current Fiscal Year Revenue: N/A
Funding Source: N/A **County Audit in last 3 years:** No

Prior Board Action: 6/12/2018 #S2A, 6/12/2018 #1

RECOMMENDED ACTION(S)

1. Approve the Orange County Housing Finance Trust Joint Powers Authority Agreement and delegate authority to the Chairwoman or her designee to sign and execute the Agreement upon the approval and signature of three cities within the Orange County within 12 months of this Agreement's approval by the Board of Supervisors.
2. Receive and file the draft bylaws, which are subject to formal adoption by the Orange County Housing Finance Trust's Board of Directors following its creation through the execution of the Orange County Housing Finance Trust Joint Powers Agreement by the County and three cities.

SUMMARY:

Approving the Orange County Housing Finance Trust Joint Powers Authority Agreement and receiving the draft bylaws will facilitate the establishment of the Orange County Housing Finance Trust to provide and receive funds for housing for the homeless population and persons and families of extremely low, very low and low income within the County of Orange.

BACKGROUND INFORMATION:

On June 12, 2018, the Board of Supervisors (Board) approved the Housing Funding Strategy presented by OC Community Resources in response to the crisis of homelessness and a shortage of supportive and affordable housing in Orange County. The Housing Funding Strategy set a target for the development of 2,700 new supportive housing units within six years and identified the need for 2,700 additional affordable units during the same period. It also concluded that capital funding requirements for the 2,700 supportive housing units was an estimated \$930 million.

Given potential funding sources known at the time, a capital gap of \$353 million was identified, along with an estimated \$350 million funding gap in operating and rental subsidies. Since that time, the County of Orange (County) has identified additional funding sources, such as Proposition 1, Housing for a Healthy California, and Multi-Family Housing Program Supportive Housing, which reduce the estimated capital gap to \$252 million. Efforts are ongoing to identify additional funding sources and other options to close the capital, operating and rental subsidy gaps to meet the goals of the Housing Funding Strategy.

In addition to the Housing Funding Strategy, the Board also approved a Mental Health Services Act (MHSA) Supportive Housing Spending Plan on June 12, 2018, which allocated \$70.5 million in MHSA dollars to supportive housing projects. This amount was in addition to \$25 million already allocated by the Board for such purposes. These MHSA dollars are included in the Housing Funding Strategy.

To date, the Board's leadership and support for housing have resulted in funding applications and/or developer interest in either current housing unit development or potential housing unit development projects; totaling over 1,000 units of supportive and affordable housing.

To further advance progress and collaboration on this front, the Board co-sponsored Assembly Bill 448 (AB 448), which was spearheaded by the Association of California Cities-Orange County and signed into law by the Governor on September 11, 2018. AB 448 added California Government Code section 6539.5 authorizing the County of Orange, and any of the cities within Orange County, to create a joint powers authority, to be known as the Orange County Housing Finance Trust (OCHFT). Per AB 448, the OCHFT "would not only be responsible for responding to the homelessness crisis with the development of capital projects and the acquisition of necessary funds for those projects, but also for helping the county respond to the low-income and affordable housing crisis that the region is experiencing in tandem with the homelessness crisis."

Following the passage of AB 448, Supervisor Do, then Chairman of the Board, First District, worked with representatives from the Association of California Cities – Orange County to form a collaborative working group, comprised of elected officials and staff from both the County and cities to establish the initial framework for the OCHFT. The OCHFT working group created a statement of shared values and principles; established a guiding vision and mission; and developed a proposed governance structure and draft bylaws to be used as the foundation for the development of a Joint Powers Authority Agreement (Agreement) for the OCHFT.

The Agreement creates the OCHFT pursuant to AB 448 as a separate public entity that would, for participating parties: (1) exercise any power common to the participating parties with respect to providing funding for the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income, as defined in Section 50093 of the Health and Safety Code, including, but not limited to, permanent supportive housing; and (2) receive

public and private financing and funds. This Agreement allows OCHFT to consider the issuance of debt in the future through amendments to the Agreement.

The Agreement also preserves certain powers for the participating parties. The Agreement does not authorize OCHFT to do any of the following: (1) regulate land use in cities or in the unincorporated area of the County; (2) serve as an owner or operator of housing units, (3) levy, or advocate or incentivize the levying of, an exaction, including an impact fee, charge, dedication, reservation or tax assessment, as a condition for approval of a development project; (4) require or incentivize inclusionary zoning requirements; (5) require the Parties to this Agreement to dedicate or assign funding for any OCHFT obligations or programs; (6) approve a housing project or program that is not supported by the governing body of the jurisdiction (a City or the County) in which the project is proposed to be sited; or (7) require the Parties to this Agreement to accept or provide any number of housing units as a prerequisite to joining or remaining a member of the OCHFT.

The Agreement establishes a governing board comprised of two members of the Board of Supervisors, two county-wide elected officials and five city council members.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

ATTACHMENT(S):

- Attachment A - Orange County Housing Finance Trust Joint Powers Authority Agreement
- Attachment B – Orange County Housing Finance Trust Joint Powers Authority Bylaws
- Attachment C – Assembly Bill 448
- Attachment D - Section 50093 of the Health and Safety Code